

SENATE BILL 1993

By McNally

AN ACT to amend Tennessee Code Annotated, Title 4, Chapter 51, Part 1; Title 39, Chapter 17, Part 6 and Title 49, Chapter 4, Part 9, relative to the Tennessee education lottery.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 4-51-123, is amended by deleting the section in its entirety and by substituting instead the following:

**§ 4-51-123.**

(a) Except as otherwise provided in part 2 of this chapter, attachments, garnishments, or executions authorized and issued pursuant to law shall be withheld from the proceeds of any lottery prize if timely served upon the corporation.

(b) Subsection (a) shall not apply to a retailer.

(c) The corporation shall adopt regulations, policies, and procedures to establish a system of verifying the validity of lottery tickets or shares claimed to win prizes and to effect payment of such prizes, except that:

(1) No prize, any portion of a prize, or any right of any person to a prize awarded shall be assignable. Any prize or any portion of a prize remaining unpaid at the death of a prize winner shall be paid to the estate of the deceased prize winner or to the trustee of a trust established by the deceased prize winner as settlor if a copy of the trust document or instrument has been filed with the corporation along with a notarized letter of direction from the settlor and no written notice of revocation has been received by the corporation prior to the settlor's death. Following a settlor's death and prior to any payment to such a successor trustee, the

corporation shall obtain from the trustee a written agreement to indemnify and hold the corporation harmless with respect to any claims that may be asserted against the corporation arising from payment to or through the trust. Notwithstanding any other provisions of this section to the contrary, any person, pursuant to an appropriate judicial order, shall be paid the prize to which a winner is entitled;

(2) No prize shall be paid:

(A) Arising from claimed tickets that are stolen, counterfeit, altered, fraudulent, unissued, produced, or issued in error, unreadable, not received, or not recorded by the corporation within applicable deadlines;

(B) Lacking in captions that conform and agree with the play symbols as appropriate to the particular lottery game involved; or

(C) Not in compliance with such additional specific regulations and public or confidential validation and security tests of the corporation appropriate to the particular lottery game involved;

(3) No particular prize in any lottery game shall be paid more than once and, in the event of a determination that more than one (1) claimant is entitled to a particular prize, the sole remedy of such multiple claimants is the award to each of them of an equal share in the prize; and

(4)

(A) A holder of a winning cash ticket or share from any lottery game conducted by a drawing shall claim a cash prize

within one hundred eighty (180) days after the drawing in which the cash prize was won or the end of the game as determined by the corporation, whichever is later. If a multistate or multisoovereign lottery game requires, by rule or regulation, a period of time less than one hundred eighty (180) days for redemption of a winning ticket, such period shall apply for that lottery game.

(B) In any Tennessee lottery game in which the player may determine instantly if the player has won or lost, such player shall claim a cash prize within one hundred twenty (120) days, or for a multistate or multisovereign lottery game within one hundred eighty (180) days, after the end of the lottery game.

(C) If a valid claim is not made for a cash prize within the applicable period, the cash prize shall constitute an unclaimed prize for purposes of this section.

(d) No prize shall be paid upon a ticket or share purchased or sold in violation of this chapter. Any such prize shall constitute an unclaimed prize for purposes of this section.

(e) The corporation is discharged of all liability upon payment of a prize.

(f) No ticket or share shall be purchased by and no prize shall be paid to:

(1)

(A) Any member of the board of directors;

(B) Any officer or employee of the corporation; or

(C) To any member of the immediate family of any person described in subdivisions (f)(1)(A) or (B) residing as a member of

the same household in the principal place of residence of any such person.

(2) No ticket or share shall be purchased by and no prize shall be paid to any officer, employee, agent, or subcontractor of any vendor, or to any member of the immediate family residing as a member of the same household in the principal place of residence of any such person if such officer, employee, agent, or subcontractor has access to confidential information that may compromise the integrity of the lottery.

(g) No lottery game utilizing an electronic or mechanical machine may use a machine that:

(1) Dispenses coins or currency; or

(2) Accepts debit or credit cards.

(h) Unclaimed prize money shall not constitute net lottery proceeds and, for the purposes of § 4-51-111(a), shall not be distributed as lottery proceeds.

The provisions of title 66, chapter 29 shall not apply to unclaimed prize money of the corporation. At the end of each fiscal year, one hundred percent (100%) of any unclaimed prize money shall be deposited in the after school programs special account created in accordance with § 4-51-111; provided, however, that, if the unclaimed prizes in any fiscal year total more than twenty million dollars (\$20,000,000), then the excess shall accrue to the fund balance of the lottery for education account.

SECTION 2. This act shall take effect July 1, 2007, the public welfare requiring it.